



## Procurement Modernization Team “Newsflash”

PMT Information Technology Transfer Newsletter

17 July, 1998

Vol. 1 Issue No. 5

### ***What's New.....Procurement Modernization Team - PMT***

*“In order to serve you better.....We are providing a Newsletter that we hope you will find informative, interesting and rewarding.”*

#### **PMT NEWS.**

Third Party Draft vs. Purchase Card Management System Convenience Checks.

Did you know that the PCMS convenience checks that you receive soon after you get your credit card is different than the existing Third Party Drafts? If you didn't, you are not alone! The Third Party Draft (check) is part of the existing payment system that is being phased out as the new PCMS is being deployed. The two methods of payment are very similar in that convenience checks can be used for cash awards, emergency salary payments, etc.. A fundamental difference and a plus is that the convenience checks are part and parcel of the credit card account. This

means that if you choose to use the card or write a check the transaction will occur on the same account. In addition, you will be able to reconcile all transactions whether credit or check in PCMS.

#### **USDA Acquisition Toolkit on the Move.**

*USDA Acquisition Toolkit* is the web-enabled shortcut to some of the tools Procurement Professionals need to perform their job. It can be found on the USDA Procurement Home page [www.usda.gov/da/procure.html](http://www.usda.gov/da/procure.html). The Toolkit now includes two new tools:

#### *~Excluded Parties List*

List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

#### *~Treasury List of Approved Sureties*

Department of Treasury's Listing of Approved Sureties (Department Circular 570).

The planned phase 3 release of the Acquisition Toolkit will include the



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following tools:

### *~Purchase Card*

Web enabled version of Purchase Card Management System reconciliation.

### *~Data Query (reports)*

Web enabled version of Data Query tool for Administrative Reports such as the 279 and 281 information systems.

The previous release of the Acquisition Toolkit included the following tools:

### *~Wage Determinations*

Davis-Bacon - construction contracts of \$2,000 or more Service Contract of \$2,500 or more.

### *~Potential Sources*

(SBA-ProNet link for mailing lists, market research)

### *~Supplies*

(GSA Advantage link for common supply items)

### *~Past Performance*

(NIH Contractor Performance System)

Note: Past Performance System usage becomes mandatory Oct 1, 1998

### *~Links*

(non-USDA acquisition web sites)

The USDA Procurement Homepage provides access to the Toolkit and is being accessed an averaging of over 2,600 times per month. Recent updates have included the following:

### *~Agriculture Contract Automation System (AGCAS)*

(Update download link provided)

### *~"Doing Business With USDA"*

(The (HTML) kit, April 1998 Edition which is available to be viewed at this website is now stocked and can be ordered from the USDA, Office of Operations Consolidated Forms and Publications Center.)

### *~AGAR Advisory 21 and 22*

(Implementing Procedures for Streamlining



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the 8(a) Contracting Process) and AGAR Advisory 22 (FAR Part 19 Deviation - Small Business Program) dated May 29, 1998 have been issued.

#### *~USDA Departmental Regulations and Notices*

(Revised to delete Departmental Notice 5000-27 which has expired. This Departmental Notice was superseded by AGAR Advisory 18 which was issued April 8, 1998.)

Your agency has a designated contact for the Toolkit, contact your National Contracting Officer for further information.

Comments/questions can also be emailed to Toolkit@usda.gov. We would be particularly interested in tools you may have found on the Internet that should be considered for possible addition to the Toolkit.

#### **PMT Policy on the Move with Changes.**

#### **Government Printing Office Waiver Denied**

On April 28, 1998, Senator John Warner, Chairman, Joint Committee on Printing (JCP), notified Secretary Glickman of their decision to deny USDA's request to procure printing directly from sources other than the Government Printing Office (GPO).

Representatives from the Procurement Modernization Policy Team and the Printing Management Division met with GPO representatives on May 20 to better understand the rationale for the recent disapproval to contract directly for printing services up to \$2,500.

Both GPO and USDA Printing Management Division representatives agreed that in some instances services may be faster and more convenient. However, the average cost of publications would increase if JCP authorizes agencies to contract directly for printing services.

GPO appears agreeable to increasing agency authority, but is constrained by JCP's desire for complete authority. Although a \$2,500 threshold appears unobtainable, GPO indicated that they may be able to obtain a



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class approval for field offices with only a few small (\$200) printing requests per year. The Policy Team is presently assessing the effects of requesting a lower threshold and continues to work this issue.

### **USDA SIGNS MEMORANDUM OF UNDERSTANDING TO CONTRACT DIRECTLY WITH 8(a) FIRMS**

On May 6, 1998, a Memorandum of Understanding (MOU) between USDA and the Small Business Administration (SBA) was executed to eliminate the use of the tripartite agreements. The MOU will allow Departmental agencies to contract directly with socially and economically disadvantaged participants in its 8(a) program. This delegation of authority is intended to streamline the awards process and make awarding 8(a) contracts more attractive. Pending a change to the FAR, the Senior Procurement Executive has granted a class deviation to implement the MOU.

Offering letters are no longer required for acquisitions at or below the \$100,000

simplified acquisition threshold. The procuring activity will use SBA's PRO-Net database on the Internet [www.sba.gov](http://www.sba.gov) to determine that the selected 8(a) firm is a current program participant. \*NOTE: This can be accessed through USDA Acquisition Toolkit at [www.usda.gov/da/procure.html](http://www.usda.gov/da/procure.html).

Complete instructions, including a copy of the streamlining provisions, FAR deviation, and implementing procedures are posted on USDA's homepage [www.usda.gov/da/procure.html](http://www.usda.gov/da/procure.html) under AGAR Advisories No. 21 and 22

### ***PMT Member Spotlight***



*“Every month, the PMT newsletter will Spotlight a member of the Procurement Modernization Team.”*

**Mr. Joseph Taylor PMT Team Member**



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Mr. Taylor began his federal career as a contract specialist in the Animal and Plant Health Inspection Service's (APHIS) Field Servicing Office (FSO) in Minneapolis, MN. He became FSO's Contract Supervisor in 1979 and Chief of Procurement and Realty Services in 1981, managing \$35 million in annual procurement and \$11 million in leases at 750 locations. During that time, Mr. Taylor developed FAST, a paper less ordering system for GSA catalog items which GSA used as a model for its call-in system.

Mr. Taylor was Deputy Director of the 175 person FSO from 1984-1986, broadening his management experience to include financial, property, and personnel operations. Asked to expand FSO's computer capabilities in 1986, Mr. Taylor formed the Information Systems Services and implemented a wide variety of new technologies. He also developed applications to automate administrative processes including PRESTO, an ORACLE based automated procurement system that requires entry of data only once.

In 1990, Mr. Taylor was selected as the Chief of the Procurement and Engineering Branch and transferred to Hyattsville, MD. In this role, he managed construction planning, engineering, and contracting for APHIS owned facilities and centralized IRM contracting for three agencies. As part of a two year management rotation program from 1992-1994, Mr. Taylor spent a year each managing APHIS' Document Management Branch and the Policy and Safety Branch. Mr. Taylor led reengineering of APHIS' purchase card program in 1993, streamlining policies and increasing card usage.

Detailed to the Purchase Card Implementation Team in 1996, Mr. Taylor developed the policies and procedures for use of the card and checks and incorporated them into a multimedia tutorial that is being used to train USDA employees. He also created a multimedia presentation that the team uses to show-case the reengineered Purchase Card Program. Most recently, Mr. Taylor served as Chairperson of the Source Selection and Evaluation Board for the government-wide travel, fleet and purchase



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card services contract. It was awarded February 10, 1998, and was one of the largest government procurements.

A recipient of numerous government and industry awards including two USDA Secretary's Honor Awards, Mr. Taylor earned a B.S. degree in Speech and Theater Arts at the University of Mankato in Minnesota and did graduate work in Information Resource Management at the University of Minnesota.

### *Trends, Ideas, and Latest & Greatest*

*“To keep our team members up to date.....We are introducing a section in which to spotlight new ideas, business concepts and trends.....”.*

### **Web Tools are in Your Work Future.**

With the advent of the Internet and Intranet, the Information Technology world is quickly moving to design, develop and implement

software solutions that will operate through the Internet and Intranet. In the last several years, large and small systems developers have quickly changed the face of systems computing via the use of Internet and Intranet.

How this change impacts you and your work is already evident. To begin with, today you are more apt to use the Internet and/or Intranet in the search for information that is relevant to your work. In the near future, and in some cases already, you will be using the Internet and Intranet to not only search for information but also update, produce and send information and work to other sectors, areas or offices.

In the arena of procurement, you will be using the Internet and/or Intranet to do all levels of procurement work without necessarily leaving your office of sector environment. Not only that but, you will be able to access key and important information that you will need to package what ever the procurement solution might be. In the case of the PMT system that is being developed,





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the future holds that the procurement professional will be able to conduct all levels of business using the variety of Internet tools that are being made available.

#### **EC program presents 'single face'**

An electronic commerce service provider has kicked off an effort to create a "single face to industry" for government EC, a plan that would compete with similar government programs.

Loren Data Corp., a value-added network, announced this month in the Commerce Business Daily that it is looking for industry partners to help integrate systems such as the Defense Logistics Agency's Electronic Mall, which is an online catalog of products, and the General Services Administration's online electronic ordering system, GSA Advantage. Loren Data provides companies with access to the mall and GSA Advantage.

Loren Data officials said the integration effort will create the "common face to

industry" for EC that Congress called for in the fiscal 1998 Defense Authorization Act. The single face to industry, as the requirement is also called, would give companies doing business with the government one standard point of entry to conduct EC with all federal agencies. The single face will prevent agencies from creating dozens of different standards for EC.

Loren Data, which was the first company to provide free access to the complete CBD via the World Wide Web, plans to use the Federal Acquisition Computer Network as the backbone for exchanging EC documents, such as purchase orders and invoices, with the government. The Web will act as a front end for vendors and agencies to communicate. The federally developed FACNET architecture was once the required network for EC, but Congress last year passed legislation that removed the requirement.

While many efforts are under way in government and in industry to create the



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single face, Gould said the government should not build something that industry can provide. For example, the Commerce Department, NASA, GSA and the Government Printing Office have teamed to create a single online entry point for industry to access governmentwide procurement opportunities. The effort builds on the existing CBDNet, a free listing of government contracting and procurement opportunities. "We're saying stop and look; some of these things already exist," Gould said.

Loren Data's World-Wide EDI system interfaces with FACNET and other systems, such as the DLA e-mall. Several hundred companies use the system to do business with the government, Gould said.

Although FACNET has been criticized primarily because its architecture was considered too restrictive, Gould said it is reliable, redundant and established. "There is no other [electronic data interchange] system out there that is as large-scale a system as FACNET," he said. "The failure of FACNET

was that companies weren't providing a front end."

Tony Trenkle, co-chairman of GSA's EC Program Management Office, said his office "encourages vendors to come up with innovative solutions." However, the office will not endorse one vendor's solution over another. "We want everything to interoperate, but we don't want one agency or company to decide" what that single face will look like.

Although agencies are not required to use FACNET and are free to use new technologies, interoperability is essential, Trenkle said. "We encourage [agencies] to use the best tools to fit the problem, but [the tools] need to be interoperable," he said. "We already tried the one-solution-fits-all approach with FACNET, and that doesn't work."

Loren Data should work with the government and other industry groups, such as the Industry Advisory Council, that are already working on the same issue, said





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Howard Stern, chairman of the IAC Buying and Paying Task Force and now with onehealthbank.com. The IAC group issued a report earlier this year recommending the government use open standards for EC that will support a single face to industry and ensure interoperability.

*EC program presents 'single face', by Colleen O'Hara: Federal Computer Weekly, June 22, 1998. Reprinted here with permission of FCW Government Technology Group. Copyright 1998. <http://www.fcw.com>.*

***In and Around the  
Procurement World.....***



*“We introduce this section in order to keep our team members informed on what is happening in and around the Government and Private Sector Procurement World.....”.*

### **Due diligence at cutting edge of contracting**

Commercial-world concept reduces risk to vendors by letting them observe and ask questions regarding an upcoming procurement before committing themselves as bidders.

You're convinced that performance-based contracting will save money for your mission and result in better vendor performance. And you're thinking big. You have a major systems development project that is going to modernize the way your organization does business. Or you're recompeting a contract to run one of your operations, and you want to introduce performance standards into it. What do you do next?

The first thing you do is sit down with your contracting folks and form a team to develop draft performance standards. The old method of developing a work statement and throwing it over the fence to contracting was never a productive way to do business. When you're moving into a performance-based situation, the contracting people can act as facilitators for the group process of



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developing performance standards. A good first question to the group is: "How would I know whether this contract succeeded?" The answer to that question will start suggesting performance parameters, which in turn is the first step to developing performance metrics. When the government's requirement has a commercial counterpart, market research on commercial standards is also a good idea. Joint, just-in-time training of the team in techniques of writing performance-based contracts is also helpful, and lots of training vendors now provide such training.

Once you've developed draft performance standards and positive/negative vendor incentives, you'll want to try your ideas out on industry, using full-and-open communication techniques. Industry might tell you that if you lowered a certain performance standard by 10 percent, it could shave 25 percent off the government's costs.

Industry also might be able to call the government's attention to important performance dimensions that may be missing from your draft.

Now you face the challenge of getting vendors to be willing to sign on the dotted line to meet the government's performance standards, particularly if they're going to do so for a fixed price.

That can be risky under any circumstances. Vendors don't know enough about the "as-is" state of the business processes being re-engineered, or even being operated without re-engineering, in order to understand what it might cost them to meet the standards the government has in mind.

It is not surprising, therefore, that one of the most successful examples of converting a big information technology contract to a performance-based arrangement - involving Computer Sciences Corp. and Allied-Signal at NASA's Goddard Space Flight Center - occurred in the middle of the contract with vendors who were already on-site and knew the existing operation well.

How It Works



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Enter the concept of "due diligence," a cutting-edge contracting technique that is more common in the commercial world. The idea behind due diligence is to allow a number of vendors to kick the tires at the operation about which they're bidding - to spend as much as several weeks being able to observe, ask questions and generally poke around. The idea is to reduce the risk to vendors to the point where they are willing to sign up to requirements they otherwise might have been unwilling to bid on.

We've started to see some examples of due diligence in the government. Kelly Air Force Base, Texas, used it in connection with aircraft and engine maintenance competitions that were run over the past two years. The General Services Administration's Federal Acquisition Center - ever sensitive to the latest and greatest in contracting techniques - has expressed a willingness to use this approach for government customers.

Just to show how cutting-edge contracting techniques are connected, the "due diligence" approach ties in with one of the significant

innovations in the Federal Acquisition Regulation Part 15 rewrite, which allows an early advisory down-select of noncompetitive vendors. Because an agency would hardly want 10 vendors around kicking the tires, it makes sense to do an advisory down-select, allow those remaining to perform due diligence and work with those vendors to develop the final request for proposals for them to bid on.

Due diligence also makes it easier for a top-flight nonincumbent to break into a closed system. I have no problem with a well-performing incumbent having an advantage; that's part of what past performance is about. All too often in our system, however, incumbents have an advantage, whether they have performed well or not, simply because they know the agency's operation better than competitors.

Due diligence levels the playing field. That's a good reason to use this idea even in situations that don't involve performance-based contracting.

*Due Diligence at the cutting edge of*



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*contracting, by Steven Kelman: Federal Computer Weekly, June 22, 1998. Reprinted here with permission of FCW Government Technology Group. Copyright 1998.<http://www.fcw.com>.*

**“Conferences, Symposiums & Seminars.....Calendar”**

Defense Acquisition University web page address is [www.acq.osd.mil/dau/dau.html](http://www.acq.osd.mil/dau/dau.html).

Stay Tuned.....

**“Feed-back”**

In order to keep this newsletter current, please give us feed back. Suggestions, comments and ideas can be submitted to Walt Wallace @ 202.690.1048 or **Walt. Wallace@usda.gov**.